

**Statement of William Scott Burns, Director of Endangered Seas Campaign,
on Behalf of World Wildlife Fund**

Mr. Chairman and Members of the Subcommittee:

On behalf of World Wildlife Fund's 1.2 million members, thank you for the opportunity to testify concerning current problems with excess fishing capacity in U.S. fisheries, and the options for addressing this issue during the upcoming reauthorization of the Magnuson-Stevens Fishery Conservation and Management Act. Known worldwide by our panda logo, WWF is dedicated to protecting the world's wildlife and the rich biological diversity that we all need to survive. The leading privately supported international conservation organization in the world, WWF has sponsored more than 2,000 projects in 116 countries since 1961.

Americans increasingly understand that the environmental and economic well being of our coastal areas depends on the sustainable management of our fisheries resources. When it passed the Sustainable Fisheries Act in 1996, Congress recognized the threat posed by overfishing and enacted important new measures to prevent fisheries depletion. Since then, over forty new rebuilding plans have been put in place, and progress has been made in restoring several depleted fish populations. While much work remains, the environmental trajectory in many U.S. fisheries is more promising than it was prior to the 1996 Magnuson amendments.

Perhaps the single biggest impediment to progress in restoring America's fisheries is the overcapacity of fishing fleets. Overcapacity undermines the economic well being of fishermen and coastal communities. It forces fishermen to fish harder and spend more to catch fewer fish and make less. It generates an economic desperation in fishing communities that further complicates the already difficult politics of fisheries management. Finally, overcapacity exacerbates the negative effects of fishing on ocean ecosystems - by forcing fishermen to fish harder, it contributes to increased bycatch and damage to habitat.

For these reasons, WWF believes that addressing overcapacity should be a leading priority for Congress as it considers possible amendments to the Magnuson-Stevens Act. As we note below, the prescription for progress in this area should include more systematic and aggressive efforts by NMFS and the regional councils to craft capacity reduction initiatives on a fishery-by-fishery basis. In addition, we need to rethink current expenditures and subsidy programs that may be stimulating excess capacity, and reshape them into effective tools for fleet downsizing. Finally, it is important to recognize that America's interests are threatened by the uncontrolled growth of foreign fleets as well, and that U.S. leadership in international efforts to combat global overcapacity is essential.

Reducing Excess Capacity in U.S. Fisheries

In the past decade, a growing number of American fisheries have begun to grapple with the problem of excess fishing capacity. Some of our most economically important fisheries are confronted with the problem of too many boats chasing too few fish. Fleet overcapacity is one of the factors that drove the depletion of New England's groundfish stocks. It is a major issue in the rockfish fisheries of the west coast, the red snapper fishery in the Gulf of Mexico, and the crab fisheries of Alaska.

Generally speaking, we have not given this problem the attention that it deserves. Our efforts to address overcapacity have been piecemeal, and most capacity reduction initiatives have underperformed as a consequence of flawed planning and poor execution. The federal government has spent \$140 million since

1995 to fund buyback programs - without addressing even the tip of the iceberg of our nation's overcapacity problem. And according to a recent report by the General Accounting Office, the long-term effectiveness of most federal buyback initiatives has been largely undermined by the subsequent entry of new vessels and fishing effort.

WWF believes that developing a more systematic and serious program to address excess capacity in U.S. fleets should be a priority of this Subcommittee as it considers revisions to the Magnuson-Stevens Act. Ultimately, capacity reduction efforts need to be developed on a fishery-by-fishery basis, and should be premised on a clear vision of what we want our fisheries to look like in the future, and how we want to distribute their benefits across society. Because each fishery is different, the specific objectives of capacity reduction plans and the choice of tools to achieve these objectives should be crafted by the regional councils based upon input from stakeholders. However, Congress must provide an effective framework for these regional endeavors that assures progress and accountability. It must also assure that we make better use of federal funds aimed at capacity reduction than we have in the past - and that we create new incentives for greater industry financial participation in fleet downsizing.

A National Framework for Managing Fishing Capacity

Two years ago, the United States played a leadership role in the development of an International Plan of Action for the Management of Fishing Capacity (the Plan of Action) at the United Nations Food and Agriculture Organization. The Plan of Action notes that excessive fishing capacity contributes substantially to overfishing, the degradation of marine fisheries resources, the decline of food production potential, and significant economic waste. To remedy the current situation, it calls upon fishing nations to take several coordinated and cooperative steps including: (i) the assessment of fleet capacities in all major fisheries by the end of 2000; (ii) the establishment of an international record of all vessels fishing on the high seas; (iii) the identification by the end of 2001 of "fisheries requiring urgent measures"; and (iv) the adoption of preliminary measures for the management of fishing capacity by the end of 2002. Full implementation of national plans to manage capacity should be completed by 2005 at the latest.

Because timely steps to address excess capacity will benefit both fishermen and the environment, we urge Congress to adopt the timetable in the Plan of Action as a starting point for developing a national capacity management strategy. Specifically, WWF asks:

That this Subcommittee incorporate key elements of the Plan of Action into a new, systematic program for assessing and managing fishing capacity during the upcoming reauthorization of the Magnuson-Stevens Act; and

That the Congress communicate with NMFS concerning the importance of timely and effective implementation of the steps called for in the Plan of Action

Paying for Capacity Reduction

As we mention above, to date federal buyback programs have invested approximately \$ 140 million to reduce capacity in a mere handful of fisheries - with limited success. We need to learn from the mistakes of previous buyback programs, and make sure that future efforts make better use of limited federal funds. We also need to recognize that, absent a dramatic increase in federal expenditures, government buybacks alone will never provide the financial means for needed fleet downsizing programs. Accordingly, as part of the next Magnuson-Stevens reauthorization this Subcommittee should explore a range of measures aimed at

stimulating increased private sector financial support for capacity reduction. Specifically, WWF suggests that:

This Subcommittee urge NMFS to design future buyback programs in a manner consistent with the recommendations contained in the General Accounting Office's recent report, "Commercial Fisheries - Entry of Fishermen Limits Effectiveness of Buyback Programs", which WWF strongly endorses;

As part of the upcoming reauthorization, Congress reevaluate the legislative authority for capacity reduction programs contained in Section 312 (b)-(e) of the Magnuson Stevens Act, to determine whether new incentives or other measures are needed to secure greater industry financial participation in downsizing efforts; and

Congress review the recommendations of the Federal Investment Task Force (on which WWF served) to identify ways in which current U.S. subsidy programs can be reconfigured to provide support for capacity reduction - and eliminate incentives for counterproductive fleet expansion. In particular, WWF urges the Congress to consider allowing monies in Capital Construction Fund accounts to be utilized in industry financed buybacks and other capacity reduction initiatives.

The International Dimension of Excess Fishing Capacity

Excess fishing capacity is a problem not only in U.S. waters, but also in many of the world's leading international fisheries. With global fishing capacity estimated at up to twice as large as it should be-and with 70% of the world's major commercial fisheries already overfished, fully exploited, depleted or slowly recovering-the problem of "too many boats chasing too few fish" has become a truly global one.

In many cases, fleet overcapacity is a problem in international or multinational fisheries in which the U.S. has a direct interest. Historically, the difficult disputes between Canada and the United States (as well as between Canada and several other nations) over collapsing cod stocks on the continental shelf had their roots in badly bloated fleets. More contemporaneously, overcapitalization is one of the underlying causes of the depletion of valuable swordfish stocks in the Atlantic. In the Eastern Pacific, the purse seine yellow fin tuna fishery is facing rising capacity pressures, which threaten the effectiveness of regional management by the InterAmerican Tropical Tunas Commission. In the Western Pacific, the specter of future overcapacity in the world's most valuable tuna fishery has prompted new U.S. industry calls for limits on fishing effort. And the list could go on.

The U.S. also has an interest in reducing fleet overcapacity in fisheries where the U.S. does not currently have a direct stake. It has become all too common for fishing vessels to move from stock to stock, from species to species, and even from ocean to ocean, exhausting one fishery and then simply moving on to the next-a phenomenon known as "serial depletion." In other words, today's excess capacity in a fishery not targeted by U.S. fishermen can quickly become tomorrow's excess fishing capacity in fisheries where U.S. boats are active. Some governments (such as the European Union) have made the export of excess fishing capacity an explicit element of their own capacity management policies. Unfortunately, these exports are not always carried out with sufficient attention to the impacts on overall fleet capacity and fisheries management.

In short, the United States needs to be active and forward-looking in seeking effective capacity limits not only in our own national fisheries, but as part of our participation in the management of regional and international fisheries around the world.

Fortunately, the United States has already begun to play an active role in preliminary efforts to address the international dimensions of excess fishing capacity. For example the U.S. has been a leading voice in efforts to develop new international rules to reduce and reform government subsidies that drive overcapacity. Over the past several years, it has come to be widely recognized that subsidies to the fishing industry can be a significant factor in the overcapitalization of fleets. Current estimates put global fishing subsidies at well over ten billion dollars per year, and perhaps as high as twenty billion. According to one World Bank study, government supports to the fishing industry may account for up to 25% of the value of worldwide fish catches each year. The World Bank, the Asia Development Bank, the OECD, the FAO, and even the WTO itself have recognized that many fishing subsidies may be linked to the depletion of the world's fisheries. Two years ago, as governments around the world contemplated the launch of a new round of global trade talks under the auspices of the WTO, the United States was a leading voice among more than two dozen countries calling for the WTO to negotiate new disciplines on fishing subsidies. WWF was proud to be at the forefront of environmental groups supporting this initiative. We note that support for this initiative also came from significant fishing industry sources, including the National Fisheries Institute, which joined with WWF on several occasions to issue calls for action on the international fishing subsidies issue. This is not surprising, since high levels of fishing sector subsidies in foreign nations put our seafood industry (which receives comparatively low subsidies) at a competitive disadvantage.

The failure of the WTO meeting in Seattle almost eighteen months ago interrupted the progress towards new WTO rules on fishing subsidies. Had the meeting in Seattle not collapsed, it looked very likely that negotiations towards such rules would have been formally included in the new round of trade talks. This would have been a very significant development, both for efforts to reduce harmful fishing subsidies and for those who wish to see the WTO pursue "winwin" scenarios for trade and the environment. As countries gear up now for the next WTO ministerial meeting scheduled for late November of this year in Qatar-the time is ripe for the U. S. to reenergize its leadership on this issue. Despite the near-success in Seattle, it will take dedication and political will to keep fishing subsidies on the WTO agenda, and to secure a commitment to negotiations towards new WTO rules.

With regard to international efforts to reduce and reform subsidies that drive overfishing, WWF urges this Subcommittee to undertake the following specific actions:

Communicate with USTR, the Department of Commerce, and the White House to emphasize the importance of visible U.S. leadership on fishing subsidies at the WTO;

Include attention to fishing subsidies in congressional activities including hearings related to preparations for the WTO meeting in Qatar;

Urge USTR to seek improved implementation of existing WTO subsidies rules that require countries to report details of their fishing subsidy programs to the WTO;

Urge USTR and the Department of Commerce to give priority to reducing and reforming harmful fishing subsidies in the context of the Asia-Pacific Economic Cooperation (APEC) forum; and

Urge USTR, the Department of Commerce, and the Department of State to raise fishing subsidies in our bilateral relations with governments such as the European Union and Japan. (With regard to the EU, emphasis should be given to the need to reform EU "structural funds" and other subsidies applicable to fisheries during the "mid-term review" of structural funds scheduled for 2002; with regard to Japan, emphasis should be given to the need for improved transparency and reporting about fishing subsidy

programs).

As we note above, another area in which the U.S. has played a positive and active international role is with regard to an FAO Plan of Action to manage fishing capacity. In addition to adopting the Plan of Action's framework as a template for domestic capacity management in the United States, we urge this Subcommittee to support continued dedication of U.S. resources to its implementation elsewhere. Consideration should be given to increasing foreign assistance to developing countries to support their participation in the Plan. Diplomatic resources should be dedicated to putting pressure on major fishing nations to keep to the Plan of Action's implementation schedule. WWF also urges you to support efforts to strengthen international cooperation for the management of fishing capacity, particularly in areas in which the Plan of Action is weak (such as in the control of international transfer of fishing capacity).

WWF applauds the fact that U.S. has been a leader in seeking international solutions to the overcapacity problem in both the WTO and the FAO. This leadership needs to be maintained and reenergized, with the support and participation of Congress.

Conclusion

Once again, WWF appreciates the opportunity to offer our views on the problem of fishing fleet overcapacity in the United States, and to work with this Subcommittee to make our fleets more economically and biologically sustainable. As we note above, overcapacity is a major challenge for both fishermen and conservationists. We look forward to working with other stakeholders to address this important issue as we move forward with the upcoming reauthorization of the Magnuson- Stevens Act.

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